

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

SAGENT TECHNOLOGY, INC * CIVIL ACTION JFM-02-2505
Plaintiff

vs.

Baltimore, Maryland

MICROS SYSTEMS, INC. *
Defendant * January 22, 2003
* * *

Deposition of SCOTT CALLNIN, a witness of
lawful age, taken on behalf of the Plaintiff in the
above-entitled cause, pending in the District Court of
the United States for the District of Maryland, before
Dawn L. Venker, a Notary Public in and for Baltimore
County, Maryland, at 7031 Columbia Gateway Drive,
Columbia, Maryland 21046, on the 22nd day of January,
2003.

* * * * *

APPEARANCES:

SCOTT H. PHILLIPS, Esquire
For the Plaintiff

MICHAEL H. TOW, Esquire
For the Defendant

ALSO PRESENT: PETER ROGERS, JR.

Reported By: Dawn L. Venker

<p style="text-align: right;">22</p> <p>1 quarter.</p> <p>2 Q In what time frame did these initial talks</p> <p>3 with Mr. Comstock or Mr. VanVeelen take place with you?</p> <p>4 A This would have been late May or early</p> <p>5 June.</p> <p>6 Q Of 2000?</p> <p>7 A That's right.</p> <p>8 Q And at some point did you serve as a</p> <p>9 liaison between Mr. Rogers who was executive designated</p> <p>10 on behalf of MICROS and the individuals at Sagent with</p> <p>11 regard to this purchase?</p> <p>12 A Only to the extent I just described, to put</p> <p>13 the two together and then afterwards to follow up on</p> <p>14 some of the correspondence between the companies.</p> <p>15 Q Did you have any role in the negotiation,</p> <p>16 for lack of a better word, between the two companies</p> <p>17 with regard to this purchase?</p> <p>18 A I sat in on a meeting in which the idea was</p> <p>19 first discussed, and my input was asked for in terms of</p> <p>20 what kind of future prospects there might be. The</p> <p>21 ability to sell the product and some sort of a forecast</p>	<p style="text-align: right;">24</p> <p>1 Q Where was that meeting held?</p> <p>2 A Here at MICROS.</p> <p>3 Q What time frame?</p> <p>4 A Early June. I believe perhaps the 6th.</p> <p>5 Q Did you take any notes at that meeting?</p> <p>6 A I did not.</p> <p>7 Q And describe for me again -- you indicated</p> <p>8 earlier that someone had asked your input about, among</p> <p>9 other things, the ability of MICROS to resell the</p> <p>10 license; is that correct?</p> <p>11 A That's right.</p> <p>12 Q Were there any other areas of input that</p> <p>13 you were asked to provide at the meeting?</p> <p>14 A No. Basically just future prospects. The</p> <p>15 nature of that meeting was a lot of relationship talk.</p> <p>16 We really hadn't hashed out any real specifics other</p> <p>17 than to get the idea of what might be coming our way.</p> <p>18 Both MICROS and Sagent partners going into this project</p> <p>19 in the future.</p> <p>20 Q Do you recall any questions or comments</p> <p>21 made by Mr. Rogers at the meeting?</p>
<p style="text-align: right;">23</p> <p>1 roughly that we might expect. But not -- I was not</p> <p>2 involved at all in the negotiations as far as the</p> <p>3 outcome of the final decision which resulted in the</p> <p>4 paperwork that is here in front of us.</p> <p>5 Q So was the meeting between MICROS personnel</p> <p>6 only, or were there Sagent personnel included in that</p> <p>7 meeting?</p> <p>8 A There were Sagent personnel.</p> <p>9 Q Can you give me an idea of who was at the</p> <p>10 meeting?</p> <p>11 A That would have been --</p> <p>12 Q Yourself obviously?</p> <p>13 A -- myself, Peter Rogers, Dan VanVeelen,</p> <p>14 Gene --</p> <p>15 Q Garrett?</p> <p>16 A -- Garrett -- that's correct -- and a</p> <p>17 Vince. I can't recall his last name.</p> <p>18 Q DeGennarow?</p> <p>19 A I think that's roughly right.</p> <p>20 Q Anyone else that you can recall?</p> <p>21 A I don't recall anybody else in the meeting.</p>	<p style="text-align: right;">25</p> <p>1 A Rough recollection of various pieces of the</p> <p>2 conversation. Some of it merely on a personal level.</p> <p>3 Relationship type things. A lot of talk about Gene and</p> <p>4 Peter being on track teams for their respective</p> <p>5 schools, and then Peter was involved with kind of</p> <p>6 bringing out the questions about what we would have in</p> <p>7 the way of future projects and what we might expect and</p> <p>8 what might be reasonable as far as our possible</p> <p>9 transactions at that time given the financial shape</p> <p>10 that we were in as well.</p> <p>11 So there was talk about just getting closer</p> <p>12 to the right number with Sagent maybe talking dozens or</p> <p>13 a hundred licenses, and Peter saying it certainly</p> <p>14 wouldn't be that. So the talk moved towards lower</p> <p>15 numbers. May be perhaps ten or a few licenses, but</p> <p>16 again no promises at that point.</p> <p>17 Q You mentioned MICROS' financial condition</p> <p>18 at that point. Describe for me generally what the</p> <p>19 financial condition of the company was at that time?</p> <p>20 A Certainly not as strong as it had been a</p> <p>21 couple years prior. At that point, we had followed the</p>

7 (Pages 22 to 25)

<p style="text-align: right;">26</p> <p>1 rest of the technology and hospitality companies into 2 downward trends. Certainly not as deep as most 3 companies were feeling it, but in the way of some of 4 the financial positions, cash available, and that sort 5 of thing, I don't know what the standing was at that 6 time. 7 Q Was there any discussion about concessions 8 that Sagent might be able to make to make this 9 transaction more attractive to MICROS? 10 A There would definitely be fairly deep 11 discounting involved off of their regular retail 12 pricing. 13 Q Anything else along those lines? 14 A That Sagent would assist us in selling had 15 been the understanding of the relationship going back 16 for a number of years. That we were 50-50 partners on 17 this project, and that they put in their equal time on 18 helping us to sell to various clients as well. 19 Q You say that went back a number of years. 20 Was that specifically discussed at this June 6th 21 meeting?</p>	<p style="text-align: right;">28</p> <p>1 we'll mark as Number 2, please. 2 (Callnin Deposition Exhibit Number 2 was 3 marked by the reporter.) 4 MR. PHILLIPS: For the record, Exhibit 5 Number 2 reflects MICROS Bates Numbers 5 through 10. 6 Q If you would take a moment to look through 7 that, if you would, sir, MICROS Bates number 5 through 8 10. 9 Mr. Callnin, feel free to look at all of 10 that. I can tell that most of my questions will be on 11 page 9, but feel free to look at all of it. 12 MR. TOW: You should just look at all of it 13 to understand what you are looking at. 14 Q Ready to proceed? As I said, let me ask 15 you turn to page 9, which I think you have already 16 done. Let me ask you to look at the bottom e-mail 17 there. It's a February 8th, 2001 e-mail from you to 18 Mr. VanVeelen. Do you see that one? 19 A Yes. 20 Q And I think -- correct me if I'm wrong -- 21 this reflects what we were talking about a little bit</p>
<p style="text-align: right;">27</p> <p>1 A Yes. Yes. The idea that Sagent would help 2 to sell the product was discussed. 3 Q And tell me who was involved in that 4 conversation and who said what? 5 A Primarily that would have been Dan 6 VanVeelen, as he was the main contact as far as the 7 product was concerned, and he would have the feel for 8 what leads they'd have. And he would have an opinion 9 as well that he did put into the conversation about 10 future client activity. The numbers that we might 11 expect to -- projects we might expect to go into as 12 well. 13 Q Is it your contention that MICROS has paid 14 to Sagent any portion of the \$136,000 reflected on both 15 the purchase order as well as the price quote provided 16 earlier to MICROS by Sagent? 17 MR. TOW: Objection as to form. 18 Q Did you understand the question? 19 A Yes. I understand, and I do not believe 20 that any portion of this amount has been paid. 21 Q Let me hand you the next document which</p>	<p style="text-align: right;">29</p> <p>1 earlier with regard to deletion of the maintenance 2 support aspect of the initial invoice as well as the 3 reconfiguration of the mix of product. Is that your 4 understanding? 5 A That's right. 6 Q And if you look at the e-mail above that, 7 which is Mr. VanVeelen's reply to that of that same 8 date, it appears that Sagent is amenable to those 9 changes. Is that your understanding? 10 A Yes. 11 Q And those changes would in turn reduce the 12 amount of the invoice from the initial 136,000 down to 13 112,000. Is that your understanding? 14 A That's right. 15 Q Is it your contention that MICROS has paid 16 to Sagent any portion of that 112,000? 17 A I do not believe any portion of that has 18 been paid. 19 Q Let me ask you to take a look at -- it is 20 in that same document. If you'd turn to page 6. If 21 you look a little more than halfway down at the close</p>